

EXHIBIT B

SETTLEMENT AGREEMENT

This Settlement Agreement is dated July 11, 2007 and is made by AAMCO Transmissions, Inc. ("AAMCO") and James Dunlap ("Mr. Dunlap"). The parties agree that:

1. AAMCO and Mr. Dunlap agree that the terminations of Mr. Dunlap's franchise agreements for the Portsmouth, VA and Chesapeake, VA AAMCO Centers (collectively "AAMCO franchise agreements") are hereby rescinded. As of the date of this Agreement, the AAMCO franchise agreements are reinstated for a period not longer than the remaining term of the respective AAMCO franchise agreements (November 29, 2008 for the Portsmouth VA AAMCO center and June 5, 2011 for the Chesapeake, VA AAMCO center) for the limited purpose of permitting Mr. Dunlap to operate the centers so that they can be sold as AAMCO centers to third party purchasers. The parties agree that the AAMCO franchise agreements shall remain in full force and effect during this period and the AAMCO franchise agreements attached as Exhibit "A" are incorporated herein and made a part hereof. AAMCO agrees to communicate the reinstatement of Mr. Dunlap's centers to third party vendors offering discounts and promotions, and fleet accounts doing business with, AAMCO franchisees. Upon the twenty-five year anniversary of Mr. Dunlap's opening of his Portsmouth AAMCO Center, Mr. Dunlap will receive a "twenty-five year" plaque.
2. Mr. Dunlap agrees to operate his Chesapeake and Portsmouth franchises in compliance with the terms of his franchise agreements and to, among other things, timely submit all business reports and repair orders to AAMCO and to timely pay all amounts due to AAMCO from the date of the Agreement forward on an ongoing basis. The parties agree that a violation of the terms of this Settlement Agreement by Mr. Dunlap shall constitute a violation of the terms of his franchise agreements.
3. Mr. Dunlap agrees to either (i) list the Chesapeake and Portsmouth centers for sale with AAMCO and pay upon sale of each center the greater of \$12,000 or 12% of the purchase price as a sale commission; or (ii) list the Chesapeake and Portsmouth centers for sale with AAMCO and pay all of the actual and incidental costs associated with the advertising, listing for sale, and registration of each of the centers plus a sale commission upon the sale of each center of 9% of the purchase price; or (iii) hire and sell the Chesapeake and Portsmouth centers through a third party business broker at asking prices calculated as set forth in paragraph 4 below. Mr. Dunlap shall notify AAMCO in writing upon executing the Listing Agreements as to which commission option he has elected. The parties agree that any third party purchasers of the Chesapeake or Portsmouth centers must purchase a new AAMCO franchise agreement, enter into AAMCO's then-existing standard franchise agreement and pay an initial license fee.
4. AAMCO and Mr. Dunlap agree that the sale price of each of the centers shall be twenty (20) times average weekly gross sales for the calendar year 2006. Dunlap agrees to provide documentation to AAMCO to verify his sales for each center for the calendar year 2006. The parties agree that if Mr. Dunlap is successful at placing a Yellow Page listing in the South Hampton Roads Verizon Yellow Pages, the sales price may be

adjusted at three month intervals beginning three months after the publication of the South Hampton Roads Verizon Yellow Pages in October 2007. If the average weekly gross sales for the preceding three month period at either center increase by at least 15% as compared with average weekly gross sales previously used to calculate the sales price then the sales price for that center may be increased to reflect the increase sales. If the average weekly gross sales at either center decrease during the preceding three month period then the sales price for that center may be decreased to reflect the decreased sales. If Mr. Dunlap is not successful at placing a Yellow Page listing in the South Hampton Roads Yellow Pages then the sale price adjustment provisions of this paragraph shall be inapplicable.

5. AAMCO agrees that the telephone number previously associated with the terminated AAMCO Transmission center located at 3615 High Street, in Portsmouth, Virginia shall upon execution of this agreement be made available by AAMCO for use by Mr. Dunlap. Mr. Dunlap shall be permitted to utilize that number so long as he pays the Yellow Page and other fees associated with that number on a going forward basis. AAMCO will notify the Yellow Pages that any prior fees are to be paid by the prior center and are not the responsibility of Mr. Dunlap. AAMCO agrees that Mr. Dunlap is authorized to list his centers as an authorized AAMCO Centers in the Yellow Pages directory with the closing date of July 13, 2007 and will use its best efforts to facilitate the listing of Mr. Dunlap's centers as authorized AAMCO centers in the South Hampton Roads Verizon Yellow Pages listing that recently closed.

6. Mr. Dunlap agrees that as of the date of this agreement, due to his reinstatement, he will again be governed by the terms of the Tidewater Ad Pool Agreement. AAMCO agrees that if Mr. Dunlap is successful at negotiating an abatement or decrease in his assessment with the Tidewater Ad Pool, AAMCO will not intervene to the detriment of Mr. Dunlap.

7. Except for the obligations herein, prospective obligations under the franchise agreements for the Chesapeake and Portsmouth centers, and prospective obligations under any agreements ancillary to the franchise agreements, the parties hereby mutually release each other from claims, including the claims asserted in the lawsuit titled *AAMCO Transmissions, Inc. v. Dunlap*, E.D. Pennsylvania Case No. 07-562, presently pending in the Eastern District of Pennsylvania, and the claims asserted therein will be dismissed with prejudice, together with all claims for money damages, whether known or unknown, through the date of execution of this settlement agreement.

8. AAMCO agrees to indemnify Mr. Dunlap if he is named as a party in a lawsuit by Mr. Joe Truskowski or Mr. Rob Biller associated with the reinstatement of his Chesapeake and/or Portsmouth centers by AAMCO.

9. The Focus System shall be installed on the computers at both the Chesapeake and the Portsmouth Centers and AAMCO will provide the support necessary to make the Focus System and any upgrades purchased by Mr. Dunlap operational. Mr. Dunlap agrees to pay the annual Focus maintenance charges of \$362.25 for each center. Mr. Dunlap agrees to pay any future customary fees associated with the Focus System if and

when they become due.

10. In the event that Mr. Dunlap continues to be an existing AAMCO franchisee at the time of the next Indy 500 race, and if AAMCO is at that time sponsoring a car at the race and participating in advertising and promotion associated with the Indy 500, AAMCO will invite Mr. Dunlap and 1 guest to participate in AAMCO social activities associated with the event.

11. Mr. Dunlap agrees upon execution of this Settlement Agreement to reimburse AAMCO \$1,452.03 for intershop warranty work previously paid by AAMCO on Mr. Dunlap's repair orders 123261, 128141 and 127899. In addition, Mr. Dunlap agrees to pay the Spartansburg, SC center \$491.02 for intershop repair work he authorized be performed on May 4, 2007 and to pay the Florence, SC center for any intershop repair work he authorized be perform by that center.

12. This is the entire agreement of the parties relating to the subject matter herein and this agreement supercedes, cancels, and revokes any and all other agreements between the parties relating to the subject matter herein.

AAMCO Transmissions, Inc.


President & CEO

James Dunlap

